

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the August 1, 2014 regular business meeting. This is provided in summary form; an official record of the meeting is available in the permanent records of the Governor's Office of Agricultural Policy, 404 Ann Street, Frankfort, Kentucky 40601.



**Kentucky Agricultural Finance Corporation Board
Summary Minutes of the Regular Business Meeting
Transportation Cabinet Office Building
Frankfort, Kentucky
August 1, 2014**

Call to Order

Steve Kelly, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:17 a.m. (EDT).

Roll Call

The following members were present: Westy Adams; George Begley; Kenny Burdine; Wayne Hunt; Larry Jaggers; Frank McAninch; Aaron Miller; Linda Rumpke; Tom Midkiff (designee for Secretary Lori Flanery); and Steve Kelly (designee for Commissioner James R. Comer).

Members absent: Frank Penn, Doug Lawson

Notification of Media

Mr. Kelly received verification from Sandy Gardner, Director of Communications, that the media has been notified of the KAFC board meeting.

Welcome

Mr. Kelly welcomed everyone to the meeting.

Mr. Kelly reported that Commissioner Comer had a prior obligation in western Kentucky and was not able to attend the meeting.

Approval of Minutes

Mr. Kelly entertained a motion to approve the minutes of the July 11, 2014 KAFC board meeting.

Ms. Rumpke moved to approve the minutes, as presented; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous

Mr. Kelly introduced Lindsay Ratliff, summer interim employee with the Department of agriculture. Ms. Ratliff is a full time student at Western Kentucky University.

Executive Director's Report

Mr. Kelly yielded the floor to Roger Thomas, Executive Director, Governor's Office of Agricultural Policy (GOAP) to give his report to the board.

Mr. Thomas reported to the board regarding various meetings and events he had attended since the last board meeting.

Director of Financial Services Report

Mr. Kelly called on Bill McCloskey, Director of Financial Services, to give his report to the board.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (on file with the Board Coordinator) as of June 30, 2014, noting that these numbers are also the ending numbers for fiscal year 2014.

KAFC Statement of Financial Position		
As of June 30, 2014		
Assets		
Cash KAFC Accounts	\$	8,025,229
Loan Payments Due KAFC		
Category A	\$	32,715,325
Category B	\$	268,314
Category C	\$	-
	\$	32,983,639
Total Assets	\$	41,008,867
Liabilities		
KAFC loans approved not closed	\$	7,375,428
Loans Outstanding	\$	32,983,639
Total Liabilities	\$	40,359,066
Unobligated Assets	\$	649,801
Total Liabilities & Unobligated Assets	\$	41,008,867

Mr. McCloskey explained that as a result of the popularity of KAFC's loan programs there would be a request made to the Kentucky Agricultural Development Board (KADB) for \$7.5 million.

Mr. McCloskey yielded the floor to Mr. Thomas to explain a refund of \$1 million from the Kentucky Cattleman's Association. This KADF project could not meet the terms of its contract related to a large animal veterinary program. As such, funds were returned to KAFC.

Mr. Kelly entertained a motion to approve the KAFC Statement of Financial Position.

Mr. Midkiff moved to approve the KAFC Statement of Financial Position; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous

Mr. Kelly yielded the floor to Ms. Rumpke for the Loan Review Committee Report.

Ms. Rumpke stated that the Committee met at 9 a.m. to discuss current funding availability.

Ms. Rumpke reported that the Committee had discussed the current state of finances and the request of \$7.5 million from KADB that Mr. Thomas and Mr. McCloskey had explained.

Ms. Rumpke reported that the Committee decided to suspend new funding under the New Agricultural Enterprise Loan (NAEL) program given that other programs cover the same needs and in recognition of the financial reality of KAFC.

Ms. Rumpke reported that the Guidelines Committee would meet in conjunction with the September KAFC meeting to discuss each program in the interest of further streamlining the loan programs offered by KAFC and will report their findings to the board as a whole.

Mr. Thomas noted that the NAEL program is being suspended, not eliminated. The purpose of the Guidelines Committee meeting in September is to discuss how the KAFC programs can be altered to better accomplish the goals of the board.

Mr. Kelly entertained a motion to approve the Loan Review Committee Report.

Mr. McAnnich moved to approve the KAFC Statement of Financial Position; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous

New Business

Agricultural Infrastructure Loan Program (AILP)

AF14-0064 McNeese, William and Nicole

Applicants requested \$150,000 for the construction of a grain facility in Harrison County. Farm Credit Mid-America in Lexington, Kentucky is the participating lender.

Staff recommended loan approval.

Mr. Adams moved to approve the staff recommendation, pending fund availability; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

AF14-0069 Gibson, Brady and Anne M.

Applicants requested \$100,000 for the purchase and installation of a robotic milker in Kenton County. Farm Credit Mid-America in Dry Ridge, Kentucky is the participating lender.

Staff recommended loan approval.

Mr. Jagers moved to approve the staff recommendation, pending fund availability; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous

Beginning Farmer Loan Program (BFLP)

AF14-0065 Pobst, David "Eric" and Carla

Applicants requested \$250,000 for the purchase of 12.71 acres with six Pilgrim Pride broiler houses in Ballard County. First Community Bank of Western Kentucky in Fancy Farm, Kentucky is the participating lender.

Staff recommended loan approval.

Ms. Rumpke moved to approve the staff recommendation, pending fund availability; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous

AF14-0067 Hood, Cheryl and Orville and Wilma Hood

Applicants requested \$250,000 for the construction of two Cobb laying houses in Pulaski County. Farm Credit Mid-America in Somerset, Kentucky is the participating lender.

Staff recommended loan approval, contingent on FSA approval and fund availability.

Mr. Burdine moved to approve the staff recommendation, pending fund availability; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous

AF14-0068 Horst, Arvin and Kristina

Applicant requested \$250,000 for the construction of two Cobb laying houses in Lincoln County. Farm Credit Mid-America in Somerset, Kentucky is the participating lender.

Staff recommended loan approval, contingent on FSA approval and fund availability.

Mr. Adams moved to approve the staff recommendation, pending fund availability; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous

Old Business

Paid in Full

AF05-0024	Robey, Lee
AF06-0026	Phillips, Charles
AF06-0051	Glencrest Farm
AF07-0045	Walker, Chris
A2008-0023	Porchetta Primata
AF08-0094	Glencrest Farm
AF08-0099	Robey, Lee
A2008-0126	WEBB Properties
AF12-0026	Jones, Ethan

No action necessary.

Withdrawal

AF14-0070 Hoover, Brandon

No action necessary.

Closing Remarks

Mr. Kelly yielded the floor to Mr. Thomas.

Mr. Thomas explained that KAFC board members are encouraged to attend the August 15 meeting of the Kentucky Agriculture Development Board at the Kentucky Exposition Center to show support for a transfer of \$7.5 million.

Mr. Thomas noted that the board's goal of growing the fund to more than \$50 million will be accomplished by the end of the year.

The next KAFC Board meeting will be at the ES Good Barn, 1451 University Drive, Lexington, KY 40546 on Friday, September 5, 2014 at 10:00 a.m. (EDT)

Adjournment

Mr. Kelly entertained a motion to adjourn.

Ms. Rumpke moved to adjourn the KAFC board meeting; Mr. Jaggars seconded the motion.

VOTE: Motion Passed; Unanimous

The KAFC board meeting adjourned at 11:18 a.m. (EDT).


APPROVED DATE:

9/5/14

PRESIDING OFFICER:


James R. Comer, Commissioner of Agriculture

BOARD SECRETARY:


Ray Arnold, Boards Coordinator